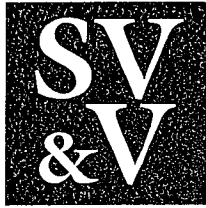


CITY OF SEAFORD
AGREED-UPON PROCEDURES ON MUNICIPAL GRANTS
FOR THE YEAR ENDED JUNE 30, 2009



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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

City of Seaford
414 High Street
Seaford, Delaware

We have performed the procedures enumerated below, which were agreed to by the City of Seaford, State of Delaware's Office of Auditor of Accounts, Department of Safety and Homeland Security, and the Office of the State Treasurer, solely to assist the specified parties with respect to determining the City's compliance with Delaware's applicable laws, regulations, financial reporting and the effectiveness of the internal control structure related to the municipal grant funds received for the year ended June 30, 2009. The City of Seaford's management is responsible for compliance with those requirements.

This agreed-upon procedures attestation engagement was performed in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States and the attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings were as follows:

1. Complete the State of Delaware Office of Auditor of Accounts municipal grants agreed-upon procedures program to determine the City of Seaford's compliance with applicable laws, regulations and financial reports related to municipal grant funds received for the year ended June 30, 2009 and detail any instances of noncompliance.

The City of Seaford received municipal grant funds under the following programs for the year ended June 30, 2009:

Municipal Street Aid
Police Pension
State Aid to Local Law Enforcement
Emergency Illegal Drug Enforcement

FINDING NO. 09-1 - Report Filed Late

Criteria

Per Title 30, Delaware Code, Section 5165(b)(2), each municipality shall, "In a form prescribed by the State Treasurer, submit an accurate and complete annual report not later than October 1 of each year to the State Treasurer showing expenditures of municipal street aid funds for the preceding fiscal year ended June 30. Such form shall itemize each expenditure as represented on said form as "Other expenditures.""

Condition

The City of Seaford's annual report was not submitted by October 1.

Cause

The City of Seaford was in the process of performing a computer conversion and getting prepared for the City audit. These activities caused the filing deadline to be overlooked.

Effect

The City of Seaford's failure to submit financial reports timely could result in the loss of grant funding.

Recommendation

The City of Seaford should ensure that the annual report is filed by October 1 of each year.

Auditee Response

The Director of Finance will add a pop-up reminder in the calendar to advise the report's due date and comply.

FINDING NO. 09-2 - Pre-Bid Conference Late

Criteria

Per Title 29, Delaware Code, Section 6923(f), "An agency may conduct a pre-bid conference within a reasonable time but not less than 7 days before a bid opening to explain the requirements of an invitation to bid."

Condition

The City of Seaford conducted a pre-bid conference 6 days before the bid opening.

Cause

The City of Seaford was unaware of the requirement that the pre-bid conference cannot be less than 7 days before a bid opening.

Effect

The City of Seaford's failure to comply with applicable laws and regulations could result in the loss of grant funding.

Recommendation

The City of Seaford should ensure that any pre-bid conference is not less than 7 days before a bid opening.

Auditee Response

City will comply. Was not aware until this audit of the requirement.

FINDING NO. 09-3 - Report Filed Incorrectly**Criteria**

Per Title 18, Delaware Code, Section 709(a), "It shall be the duty of the officer in charge of any state, county or municipal police department or bureau participating in the provisions of Sections 707 and 708 of this title to register with the State Treasurer on or before the 1st day of April in each year, and to provide the State Treasurer with the following information: the location, jurisdiction and average number of paid, full-time, sworn police officers employed for the year ending on the previous 31st day of December."

Condition

The City of Seaford submitted a registration form that was not accurately prepared or reviewed. The total number of paid, full-time, sworn officers employed by the City was overstated by two officers for one month of the three months tested.

Cause

The City of Seaford included all officers on the payroll including two officer recruits who were in the process of obtaining the required training. The error was caused by administrative oversight.

Effect

The City of Seaford's failure to prepare an accurate registration form resulted in the monthly average of sworn police officers to be overstated by one officer. Because of the overstatement, the City may have received funds in excess of those for which they were eligible.

Recommendation

The City of Seaford should determine the amount of any Police Pension funds received in excess of the amount eligible, due to reporting one extra police officer, and should return the excess funds to the State of Delaware.

Auditee Response

We will request assistance from the State Treasurer's Office in determining the exact amount and refund.

2. Address the status of any findings and recommendations disclosed in previous reports.

FINDING NO. 06-1 During completion of the City of Seaford's program checklist for the Municipal Street Aid grant, it was noted that the City obtained bids for two disbursements tested. However, the public advertisements for bids were only published once by the City, not once a week in two separate weeks as required by State regulations [29 Del. C. §6923(b) and 30 Del. C. §5165(b)(3)]. Failure to comply with applicable laws and regulations could result in the loss of grant funding.

CURRENT YEAR STATUS Advertisements for bids were published correctly.

FINDING NO. 06-2 During completion of the City of Seaford's program checklist for the Police Pension grant, it was noted that the City did not submit to the State Board of Pension Trustees by April 1 a listing of retired police officers receiving benefits from the City as of December 31 of the preceding year, excluding those receiving benefits from the State of Delaware County and Municipal Police Pension Plan, as required by the Delaware Code [18 Del. C. §709(b)]. The State Board of Pension Trustees has not requested this information from the City or provided a format for the City to submit this information to them. Failure to comply could result in the loss of grant funding.

CURRENT YEAR STATUS Since the City of Seaford does not participate in the proceeds of the insurance tax as outlined in [18 Del. C. §708(c)(2)], they were not required to file the listing for the current year.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with specified laws. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the City of Seaford's management and council members, the State of Delaware's Office of Auditor of Accounts, Department of Safety and Homeland Security, and the Office of the State Treasurer and should not be used by those who have not agreed to the procedures and have not taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.



Wilmington, Delaware
December 8, 2009